

Queens Division Select Plan



Objective - Create a Big Brand Image on Select

◆ Achieve 1% SOM on MSA

- Achieving a 1% som on Select will put Select into the top 15 brand styles in the Market. The top 15 brand styles account for 67% of industry sales.**
- Platform to launch Select marketwide.**
- It is critical to achieve top 10 status with Select to offset Base Winston share losses .**
- This must be done as quickly as possible, which can be accomplished through aggressive, focused efforts. Relentless Investment Spending.**

◆ Vision : Obtaining a 1% share would enable the division to take Select to low volume calls, which comprise the majority of the division, by creating consumer demand first.

Background

◆ Determine promotion level

	Cases Per Qtr	Profit per Case	Total Profit	Profit Increase 93 vs 94	Profit %	Case Increase	% Increase
Cases shipped 1993	108	\$372	\$40,176				
Promoted at 100%-25¢	350*	\$222	\$77,700	\$37,524	93%	242	224%
Promoted at 100%-30¢	600*	\$192	\$115,200	\$75,024	186%	492	456%

* Estimated

Profit per case figured 62¢ per pack.

◆ Made determination based on profit to promoted at 30¢ level to entice consumer trial yet retain acceptable profit levels for RJR. This price point also allowed bottom up selling.

◆ Also determined buydowns were more profitable than premiums due to sku cost.

Conventional Method

	Full Price	Savings	Select
Retail Price	\$2.25	\$1.85	\$2.25
VPR			-.30¢
Net Price	\$2.25	\$1.85	\$1.95

Bottom Up Selling

Retailer Cost per Pack	\$1.83	\$1.55	\$1.83
Manufacturer Buydown Value	\$0.00	\$0.00	\$0.30
Retailer Net Cost per Pack	\$1.83	\$1.55	\$1.53
Retailer Profit per Pack	\$0.042	\$0.30	\$0.32
Retailer Selling Price per Pack	\$2.25	\$1.85	\$1.85

◆ The reps told retailers if you buy 15 cartons I can sell them to you at the price of a generic, therefore you should sell them at a generic price.

Plan

◆ Sales Rep Involvement

- Get sales reps to believe in the brand, not just another new brand to seek it's own level.
- Focus sales reps by creating top of the mind awareness.
 - Aggressive sales and distribution goals, results sent weekly to sales reps to create a team goal and the spirit of competition.
 - Team and individual local performance awards utilized for reward.
 - Suggested car stock loads 50% Select.

◆ Increase presence at retail :

- Gain distribution in other than monthly calls.
- Display size increased from 2 to 4 trays minimum 3 trays of Select.
- Strived to place 2 separate full priced displays in all monthly calls.(Feb 94)
- Select primary emphasis on ALL displays and POS. No account specific marketing.
- Select always priority sale. Cash market retailers only have so much money.

◆Gave up certain accountabilities to enable reps to retain focus on Select.

- ◆Example - PDI battles to dominate entire store.
 - Matching Kool & Newport promotions with Salem.

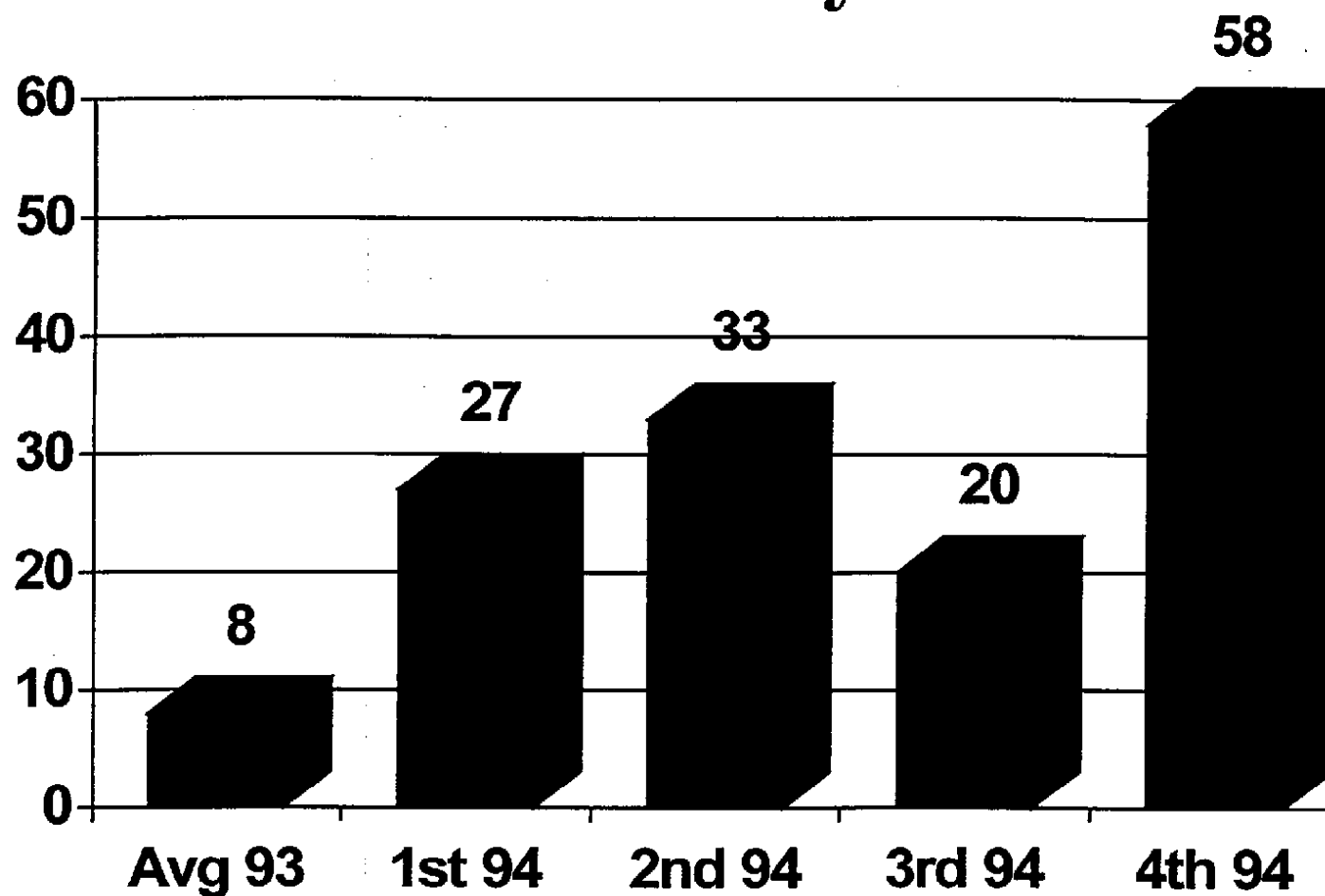
◆Utilized bottom up selling.

- ◆Gave reps a promotion to work/reintroduce Select when the B1G1F product had been exhausted.

Results

- **Brand began to move.**
- **Sales reps could see results of their efforts and believed in the brand.**
- **Higher quantities of Select were sold at retail.**
 - **Reps walked into even lower volume stores with a half case.**
- **Achieved presence, promotion and pricing goals.**
- **A big brand image was created causing lower volume calls to carry the product due to consumer demand.**
- **Achieved a .99% SOM on Select for quarter ending December vs. a 1st quarter share of .28**
- **All results were achieved with a manpower shortage. Division averaged 2 vacant assignments throughout 1994.**

Select Weekly Sales



All BSGSF Product was factored out

◆ Future 1995 :

- Keep focus on Select
- Increase sales by 20%
- Increase penetration to 1100 additional calls, former D52 & Z99 upgrade to E13.
- Reduce buydown value to 25¢ to continue bottom up selling but reduce expenditures.
- Requested Select menthol line extension to combat Newport strong hold.
- Increase direct account inventory levels on Select to insure product availability for monthly sales blitz. Load calls with Select during this time frame to allow sales reps to expand focus during 2 remaining months.
- Results from January blitz :
 - 1470 different calls were contacted an increase of 370 calls vs. monthly 1994 average.
 - 1464 calls had Select distribution upon exit.
 - 13,691 (228 12M) cartons of Select were sold off the car.
 - 150 12M cases of Select B2G2F were also placed.
 - These results were achieved with 2 openings.